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March 23, 2010

VIA HAND DELIVERY

Mr. James J. McNulty, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

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PA PUC

Re: Policy Statement in Support of Pennsylvania Solar Projects
Docket No. M-2009-2140263 - Reply Comments of the Carlisle Area School District
in Response to the Initial Comments Filed by Parties in the PA PUC's Solar Policy
Statement Proceeding

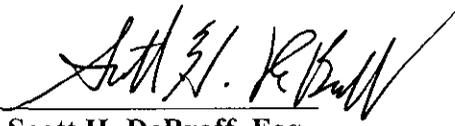
Dear Mr. McNulty:

Delivered herewith, please find an original and fifteen (15) copies of "Reply Comments of the Carlisle Area School District in Response to the Initial Comments Filed by Parties in the PA PUC's Solar Policy Statement Proceeding" in the above-captioned matter. Please enter this into the docket, and timestamp the additional two (2) copies for return to Rhoads & Sinon.

Should you have any questions, please do not hesitate to contact me at (717) 237-6716.

Sincerely,

RHOADS & SINON LLP

By: 

Scott H. DeBroff, Esq.
Counsel for the Carlisle Area
School District

Enclosures

cc: Service List

COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION

POLICY STATEMENT IN SUPPORT OF
PENNSYLVANIA SOLAR PROJECTS

DOCKET NO. M-2009-2140263

REPLY COMMENTS OF THE CARLISLE AREA SCHOOL DISTRICT
IN RESPONSE TO THE INITIAL COMMENTS FILED BY PARTIES IN THE PA PUC'S
SOLAR POLICY STATEMENT PROCEEDING

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DATED: MARCH 23, 2010

COUNSEL FOR CARLISLE AREA SCHOOL DISTRICT

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**POLICY STATEMENT IN SUPPORT OF
PENNSYLVANIA SOLAR PROJECTS**

DOCKET No. M-2009-2140263

**REPLY COMMENTS OF THE CARLISLE AREA SCHOOL DISTRICT
IN RESPONSE TO THE INITIAL COMMENTS FILED BY PARTIES IN THE PA PUC'S
SOLAR POLICY STATEMENT PROCEEDING**

AND NOW COMES the Carlisle Area School District ("CASD"), by and through its counsel, Scott H. DeBroff and Alicia R. Petersen, of Rhoads & Sinon, LLP, and files the foregoing comments on behalf of CASD to the Policy Statement in support of Pennsylvania solar projects:

1. CASD is a Public School District, located in Cumberland County, Pennsylvania, consisting of fourteen (14) elementary, middle, and high schools.

2. Beginning in 2004, the Pennsylvania General Assembly enacted, and the Governor signed, a series of legislation promoting the development of renewable energy in Pennsylvania generally, and solar alternative energy, specifically. The Alternative Energy Portfolio Standards ("AEPS") Act of 2004, which took effect on February 28, 2005, established an alternative energy portfolio standard for Pennsylvania.

3. Subsequent to that, Governor Rendell signed Act 35 of 2007 into law on July 17, 2007, which amended the AEPS Act in several respects. One of the purposes of Act 35 was to

revise the schedule for the solar photovoltaic requirements, specifically supporting an increase in renewable energy, on an annual basis, as opposed to increases in five (5) year increments.

4. Following that, on September 25, 2008, the Commission adopted a Final Order at Docket L-00060180 that codified prior Commission interpretations of the AEPS Act and resolved issues relevant to its implementation. The Commission set forth the method for determining alternative compliance payments that EDCs and EGSs must pay for failure to obtain the required number of alternative energy credits and to include the minimum required number of alternative energy credits that come from solar photovoltaic projects.

5. In 2009, CASD decided to pursue an alternative energy project and chose a solar photovoltaic installation. CASD was fortunate to have won two grants totaling close to \$1,950,000 for additional funding to support a solar photovoltaic project for its facilities. The school district is very excited about the opportunity to be a part of the implementation of alternative energy in the Commonwealth and to find ways to reduce its usage by said implementation.

6. On November 6, 2009, the Pennsylvania Public Utility Commission issued, for comment, a proposed "Policy Statement" to address possible barriers that might prevent new solar projects from being implemented in Pennsylvania. Having reviewed the Commission's Order and Policy Statement, CASD provided initial comments to the Commission on February 9, 2010. CASD is now providing its Reply Comments to the other filed party comments and looks forward to participating in the working group effort ahead.

7. CASD agrees with other parties and stated in its own Initial Comments that the uncertainty of an appropriate price to assign to solar renewable energy credits ("SRECs") that would be generated by small- or large-scale solar projects is a particular barrier to promoting

solar energy development in the Commonwealth. CASD would like to reiterate that price uncertainty will make it difficult to determine feasibility of proceeding with solar projects, both now and in the future.

8. Regarding §69.2902 (Definitions), CASD would like to expand upon its initial comments in reviewing the definitions for the size and scope of the large-scale solar project and small-scale solar project. We are not sure as to the importance of the 200 kW cutoff that splits large projects from small projects. We still believe language should be added to adjust the defined scope of the 200 kW cut off between large and small projects over time. This may not be the best cut off point to define the sizing of these projects. In addition, we also support the Sustainable Energy Fund's and the Mid-Atlantic Renewable Energy Association's (MAREA) comments to include further definitions for multiple size project groups. We agree that a separate category for projects less than 15 kW should be created and called a micro-scale size. We also agree that a separate system should be developed for EDCs to purchase SRECs from these micro-scale projects.

9. In addition, to our previous comments of expanding the definition of the SREC market price to include real time posting of SREC prices and volumes, we also support the addition of a process to establish a "Market Clearinghouse." The Market Clearinghouse would act like a "stock exchange," a central location where SRECs would be officially traded and pricing of SRECs would be monitored by all interested parties. We suggest that the Market Clearinghouse be set up at a neutral market location, like PJM. The Market Clearinghouse should be designed to emulate the style of the New York Stock Exchange. CASD is promotional of a free market for SRECs with little or no regulation over the pricing of these credits. We believe this concept should be one of the initial subjects for the stakeholder working group that will

convene following this comment period. At this time, we are not sure if the Commission is really the best place for the monitoring of SREC prices.

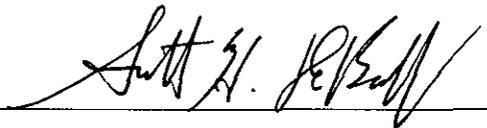
10. CASD also supports Solar Alliance's recommendation that the purchasing of SRECs should be a competitive, fair and transparent process. However, CASD does not agree with Solar Alliance that projects that received CFA grants should be separated from those projects that did not receive this grant when bidding for SREC contracts in Pennsylvania. As Solar Alliance points out, the CFA grant rules do not allow projects that receive this funding to enter into an SREC contract for 10 or more years. CASD recommends that all SREC contracts should be for less than 10 years so that all projects can participate in the bidding for SREC contracts with EDCs and EGSs. In addition, as part of a "fair and transparent" process for SREC procurement, CASD agrees with the comments submitted by the Mid-Atlantic Solar Energy Industries & Association (MSEIA) and the Pennsylvania Solar Energy Industries Association (PASEIA) that EDCs should be required to publish the amount of credits they need at the start of the open to buy period. This will allow all parties to have an equal and fair opportunity to learn what possibilities are out there for selling their SRECs.

11. CASD supports PPL's suggestion that the Solar Policy Statement may hurt the Commonwealth in the long run and that a free market is the best approach long term. As stated previously, CASD recommends that a neutral "Market Clearinghouse" be established to monitor, post and trade SRECs. CASD believes the stakeholder group should discuss the different party ideas and concerns in this Solar Policy Statement. The Solar Policy Statement should not be used as the precursor for future rules or regulations that EDCs and EGSs are required to follow. Instead, the stakeholder group should determine, after discussing the issues, if it is necessary for specific rules and regulations to be formulated by the Commission.

12. CASD strongly disagrees with the Office of Small Business Advocate's recommendation for a statewide procurement process for SRECs instead of by the individual utilities. Instead, CASD supports the view of FirstEnergy that the final decision for solicitation and procurement for SRECs should be left up to the individual EDCs. In addition, there should not be a "minimum amount of bidders requirement" on each RFP put out by the EDC or EGS that they must accept in order to procure SRECs. Similarly, there should also not be a limit to the amount of SRECs an EDC or EGS can procure from micro-sized, small or large projects. There is no guarantee as to how many projects will bid on a RFP put out by an EDC or EGS. Also, there is no guarantee that a certain percentage of micro, small or large projects will be available for EDCs or EGSs to procure SRECs from in order to meet the mandated requirements under the Alternative Energy Portfolio Standards Act. CASD recommends that the only requirement should be that EDCs and EGSs procure enough SRECs to meet their statutory requirements. It should not matter how many projects or what sized projects the SRECs came from.

The Carlisle Area School District looks forward to participating in this process to develop a policy statement in support of Pennsylvania's solar projects and looks forward to participating in any and all working group efforts to promote the continued success and growth of the solar market.

Respectfully submitted,

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DATED: MARCH 23, 2010

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**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**POLICY STATEMENT IN SUPPORT OF
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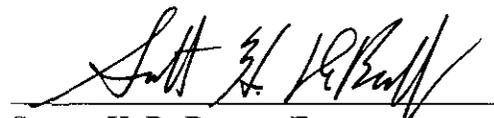
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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing “**Reply COMMENTS ON BEHALF OF THE CARLISLE AREA SCHOOL DISTRICT TO THE INITIAL COMMENTS FILED BY PARTIES TO THE PA PUC’S SOLAR POLICY STATEMENT PROCEEDING**” was served on the Commonwealth of Pennsylvania Public Utility Commission along with the service list on this 23rd day of March, 2010.

Dated: March 23, 2010

By:



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